

**SCOTTSDALE TOURISM DEVELOPMENT COMMISSION
CITY OF SCOTTSDALE
PINNACLE CONFERENCE ROOM
7575 EAST MAIN STREET
SCOTTSDALE, ARIZONA
DECEMBER 21, 2004
MINUTES**

PRESENT: Tom Morrow, Chairman
Jerry Gleason, Commissioner
John Holdsworth, Commissioner
Sally Shaffer, Commissioner
Gordon Zuckerman, Commissioner

ABSENT: Ned Sickle, Vice Chairman
Margaret Dunn, Commissioner

STAFF: Kathy O'Connor
Kathy Montalvo
Lee Guillory
Craig Clifford

OTHERS PRESENT FOR ALL OR PORTIONS OF THE MEETING:

Wayne Ecton, Councilman
Brent DeRaad
Rachel Sacco
Tom Silverman
Carla
Lauren Kapinos

Minutes taken by city staff for the first three agenda items due to the court reporter not present until Item No. 4, Bed tax collection and financial reports.

CALL TO ORDER

Chairman Morrow called the regular meeting of the Scottsdale Tourism Development Commission to order at 8:00 a.m.

ROLL CALL

A formal roll call confirmed members present: Tom Morrow, Jerry Gleason, John Holdsworth, Sally Shaffer, and Gordon Zuckerman. Members absent: Ned Sickle and Margaret Dunn.

APPROVAL OF MINUTES

A MOTION WAS MADE TO APPROVE THE MINUTES OF THE NOVEMBER 16, 2004 MEETING AS PRESENTED. THE MOTION PASSED UNANIMOUSLY.

(Court reporter present.)

BED TAX COLLECTION & FINANCIAL REPORTS

Mr. Clifford provided an overview of the tourism pro forma. He reviewed the process for expending the unallocated carryover balance.

Ms. O'Connor reported that she has heard from commissioners' the comment that from a timing standpoint it is too early to try and figure out what will be happening in '06. Mr. Clifford explained that the budgeting process is 18 months ahead and the estimating process is difficult. He noted that the budget plan does not have to be perfect. He cautioned them against over budgeting.

FY05/06 BED TAX BUDGET SUB-COMMITTEE RECOMMENDATIONS

Ms. O'Connor reported the TDC budget subcommittee members met on November 18, 2004. The discussion focused on tourism development program activities. She noted the memo in the Commission packet provides a summary of the conversation that took place and the rationale behind some of the numbers. She reviewed the projected FY05-06 revenue and expenditures:

Estimated Tourism Development Program Revenue:	\$6,180,000
Estimated FY05-06 Expenditures:	<u>\$6,649,274</u>
Estimated Shortfall to come from Fund Balance:	(\$289,274)

Tourism Development Program items and projects for Fiscal Year 2005-2006 were identified, and prioritized as follows:

1. Annual recurring operating expenses
2. One-time or "project" expenses:
 - Super Bowl
 - Five-Year strategic tourism development and marketing plan
 - CVB special marketing projects
3. Event development/support
4. Support for tourism related capital projects

She explained the Scottsdale CVB provided the subcommittee with a memo describing the projects that they do not have funds to implement this year. Per the CVB's requests,

the subcommittee is recommending funds in addition to the base destination marketing amount be included in the bed-tax budget for:

- CVB Marketing Programs - \$200,000
- CVB Event Marketing - \$200,000

The subcommittee also discussed the city's ability to provide funding and an appropriate venue to attract and develop new events is limited. The subcommittee proposes budgeting 25% of the bed tax carryover balance for additional capital project opportunities.

Commissioner Holdsworth expressed his concern that the \$100,000 allocated for event/development retention is not enough to retain and develop new events.

Chairman Morrow stated that he would like to hear from Rachel if the issues identified in the memo are immediate or not. Ms. Sacco replied the things they would like to implement right now are the VICA research to continue the branding efforts in the three key markets Chicago, New York, and Los Angeles. They would like to update our film footage for new TV commercials and a video. She reported the photo library is at the top of the list so they can start shooting in springtime when the desert is at its best.

Commissioner Holdsworth stated we are doing a great job keeping the status quo but we are not giving dollars to the CVB and other potential folks within the community to develop for the future. He further stated in the good times money needs to be spent for the future because the bad times will come again.

Ms. O'Connor clarified that the cost associated with attracting new events was identified in a three-year study done in 1994 through 1997 that concluded that the ability for the City of Scottsdale to attract or grow an event at that time was cost prohibitive and logistically difficult. When the WestWorld multi-purpose exhibit hall is completed in FY 06/07, additional opportunities are anticipated. Therefore, the subcommittee suggested in the short term focusing on existing events and whether there is the potential to expand them in the long-term. Commissioner Holdsworth stated that he felt in the long term we need to be more creative in the way we approach this issue and there is a lot of talent and expertise in the existing tourism community that could get involved. Ms. O'Connor stated what she is hearing is, that a subcommittee or task force could be formed to develop plans and actions and to identify those individuals in the community that would come to the table and work on this project.

Chairman Morrow reported that he met with Ed Gawf, Dave Roderique and Don Hadder, and he talked to them about the lack of a venue sites. They informed him that there is some land in the area of the interchange of Hayden and the 101 where there is the possibility of holding events and having the venue to do that. He noted that it is State land.

Commissioner Shaffer inquired how much the CVB contributed to the Rock 'n' Roll Marathon. Ms. Sacco replied \$55,000 noting that the Phoenix and Tempe contributed significantly more funding. She reported that the marathon is looking forward to having a multi-year contract with all of the communities. Chairman Morrow inquired if the intent is to have the subsidy money phased out from all of the communities. Ms. Sacco replied in the negative and stated that they are looking for a four to five year contract. Mr. DeRaad added that Tempe has already entered into a multi-year contract.

Commissioner Zuckerman stated the CVB has expressed the immediate need for the film footage. He inquired, and assuming the Commission supports this, how do we get the funds to the CVB right away? Mr. Clifford replied the Commission could present a proposal to the City Council for use of contingency funds. The request would need to be put on the Council agenda for January 25th.

Commissioner Shaffer inquired if Councilman Ecton thought this request would pass. Councilman Ecton replied in the affirmative. He stated that he agrees we need to address the immediate issues. He further stated with regard to the CVB wish list he would suggest waiting until the budget is put together so we can have a better feeling what they can and can't do. With regard to the VICA requests maybe we should test it in one city before doing all three. He remarked with regard to signature events they cost a lot of money and it is very unlikely that the City of Scottsdale will find one of the big events but may be we can attract minor signature events not major signature events.

Chairman Morrow stated that he felt it would make sense to proceed with the film production so that we don't miss the window of opportunity. Ms. O'Connor suggested that she get together with Ms. Sacco and come up with a hard number and come back with an action item in January.

Commissioner Gleason commented that most of us are experiencing an up turn in visitor trends but it won't last unless we keep ahead of the curve

Chairman Morrow inquired how soon the CVB would start the production. Ms. Sacco replied in February or March when the desert is at its best. She stated the film production is a priority because Scottsdale needs to be on TV because it is a visual destination. Commissioner Holdsworth inquired if there is the possibility of the CVB's membership contributing to this item. Ms. Sacco stated that the community has invested tremendously with co-ops and have tripled our advertising budget.

Mr. Clifford stated that he would recommend the Commission request authorization of the funding so this can get on the January Council agenda.

Chairman Morrow stated the key is the dollar amount. He inquired if the CVB could provide a dollar amount for the TV production. Mr. DeRaad replied \$300,000 would provide footage for three or four 30 to 60 second spots. He stated they need to get TV spots to compliment their print campaign. Commissioner Shaffer inquired about the

difference in price if they were to include the video. Mr. DeRaad replied it would cost an additional \$100,000 to develop a four-minute destination video. Ms. Sacco stated that we have not been able to afford new film footage and the existing footage is very outdated. She further stated that it is important to be able to have a video to present at high-end meetings when we will be bidding for a piece of business noting that the video is sometimes their first impression.

Mr. Clifford recommended the Commission resolve this issue at this meeting and come up with a recommendation to the City Council and then staff can work with Ms. Sacco on a break down of the entire budget to be presented at the next meeting.

COMMISSIONER ZUCKERMAN MOVED TO RECOMMEND THE CITY COUNCIL APPROVE \$400,000 FOR THE PURPOSE OF PROVIDING FUNDING TO THE CVB TO PRODUCE FILM FOOTAGE, VIDEO AND WEB COMMERCIALS AS MUCH AS THEY CAN GET WITH THE MONEY. SECOND BY COMMISSIONER HOLDSWORTH AND PASSED UNANIMOUSLY.

DESERT DISCOVERY CENTER FEASIBILITY STUDY UPDATE REQUEST

Ms. O'Connor reported this is a follow-up request from the October 19, 2004 TDC meeting and Tom Silverman, Chairman of the Desert Discovery Center Planning Team, is here this morning to request an update to the 1999 Desert Discovery Center Feasibility and Concept Study. She stated Carla is also here from the McDowell Sonoran Land Trust to answer any questions.

Tom Silverman stated the 1999 Desert Discovery Center Feasibility and Concept Study needs to be updated noting that it would be difficult to ask the private sector for funds with the old study.

Carla reported that the Desert Discovery Center Planning Team has come up with some new ideas to make the center a more participatory experience but they need to make sure the ideas are valid and the study needs to be updated.

Ms. O'Connor explained if the Commission recommends the study update upon Council approval, staff would initiate the solicitation process through the City's Procurement Office. At the same time, a committee will be established to review the Scope of Work, evaluate the responses to the RFP, select the most qualified responder, and to monitor the project's progress and provide feedback to the consultant during the development of the final product. The time frame would be to go to Council in January and get the RFP responses by April.

COMMISSIONER HOLDSWORTH MOVED THE TDC TO RECOMMEND FUNDING NOT TO EXCEED \$40,000 FOR THE UPDATE. SECOND BY COMMISSIONER SHAFFER AND PASSED UNANIMOUSLY.

SCOTTSDALE CONVENTION & VISITORS BUREAU UPDATE

Ms. Sacco reported the CVB is working on securing multi-year contracts with the Rock 'n' Roll Marathon and the Fiesta Bowl. She further reported they are planning on how to attract a new customer base. She announced the Tommy Bahama Challenge would air on January 1, 2005 on CBS.

ADMINISTRATOR'S REPORT

Ms. O'Connor discussed the highlights of the Smith Travel Report.

UPCOMING EVENTS AND COMMISSION BUSINESS

Ms. O'Connor reported the next regularly scheduled meeting would take place, Tuesday, January 18, 2005

ADJOURNMENT

The meeting concluded at 9:25 a.m.

Respectfully submitted,

"For the Record" Court Reporters & City Staff